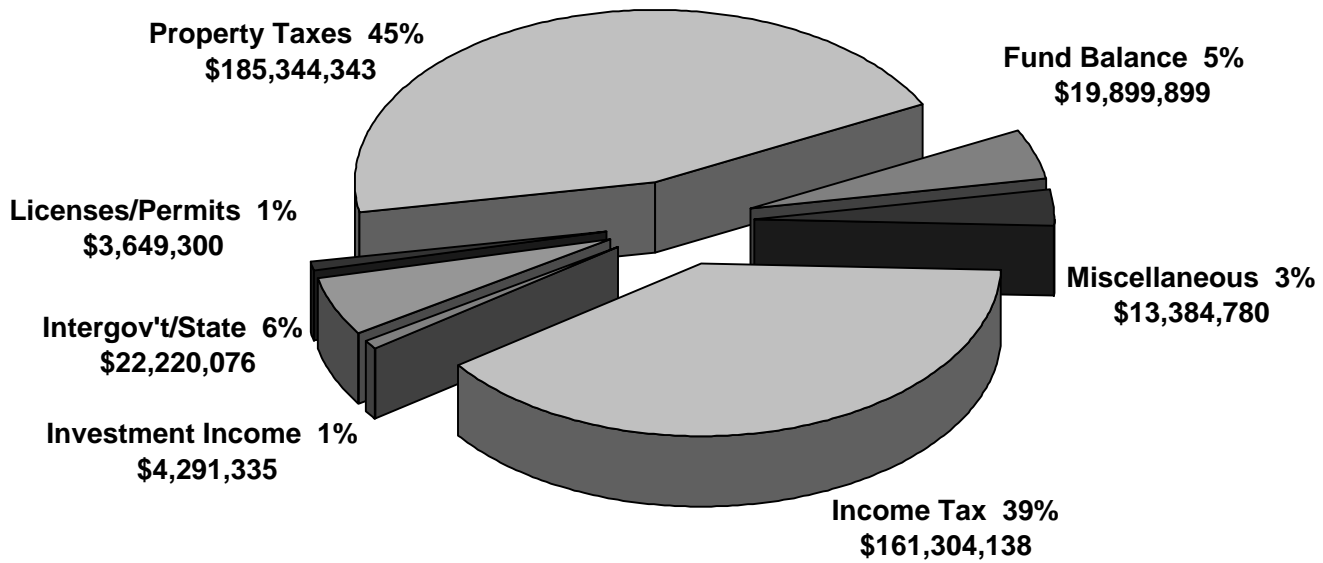


GENERAL FUND REVENUES

Fiscal Year 2006 - 2007

TOTAL APPROVED BUDGET \$410,093,871



FY 2007 APPROVED GENERAL FUND REVENUE BREAKDOWN

PROPERTY TAXES	45%	185,344,343	INCOME TAX	39%	161,304,138
Real & Personal	195,881,694				
Deductions	(10,537,351)				
FUND BALANCE	5%	19,899,899	INTERGOV'T/STATE	6%	22,220,076
			Intergovernmental	3,111,017	
			Intra County	3,158,567	
			Pro Rata	4,161,576	
			Recordation	11,788,916	
MISCELLANEOUS	3%	13,384,780	LICENSES/PERMITS	1%	3,649,300
Other Taxes	4,295,000				
Service Charges	5,587,721				
Fines & Forfeitures	95,000				
Miscellaneous Revenues	3,407,059		INVESTMENT INCOME	1%	4,291,335

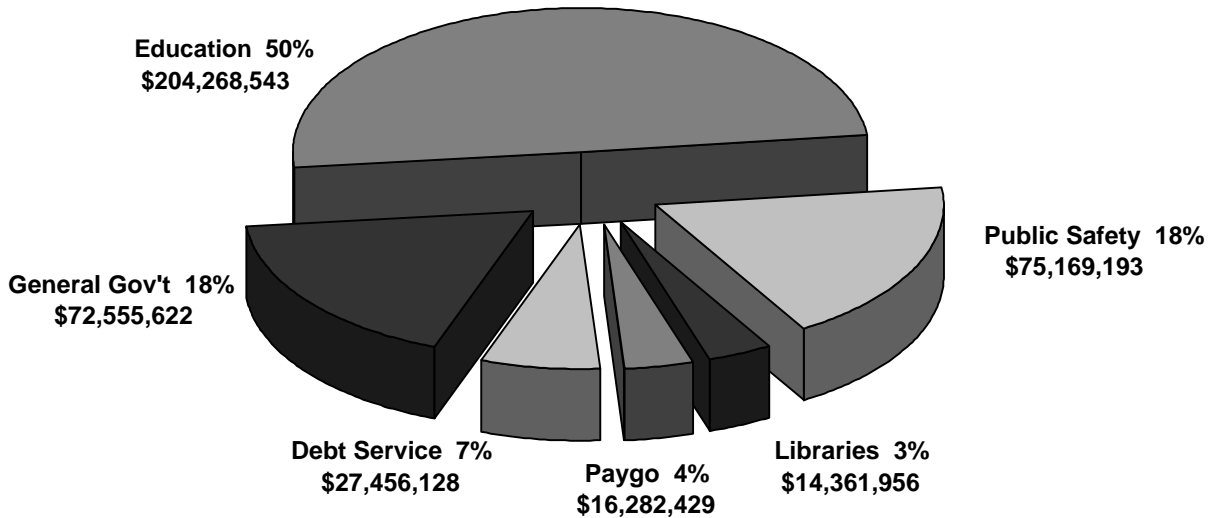
TOTAL GENERAL FUND REVENUES

410,093,871

GENERAL FUND APPROPRIATIONS

Fiscal Year 2006 - 2007

TOTAL APPROVED BUDGET \$410,093,871



FY 2007 APPROVED GENERAL FUND APPROPRIATION BREAKDOWN

GENERAL GOVERNMENT:		18%	72,555,622	EDUCATION:	50%	204,268,543
County Executive	1,292,439			Board of Education	46%	189,414,800
Administration	12,118,511			Harford Community College	4%	14,778,743
Procurement	2,904,082			School for the Blind		75,000
Treasury	3,907,236					
Law	1,812,918			PUBLIC SAFETY:	18%	75,169,193
Planning & Zoning	3,187,423			Sheriff		51,446,307
Human Resources	2,047,555			Emergency Services		9,610,319
Community Services	6,539,223			Volunteer Fire Companies		5,876,501
Handicap Centers	2,094,716			Inspections, Licenses & Permits		3,927,162
Gov't. & Community Relations	552,447			Environmental Affairs		3,371,169
Health	3,584,168			Water Resources		937,735
Housing	573,232					
Council	1,849,949			LIBRARY	3%	14,361,956
Judicial	2,677,118					
State's Attorney	4,676,468			PAYGO	4%	16,282,429
Elections	1,971,846					
Parks & Recreation	8,779,627			DEBT SERVICE	7%	27,456,128
Natural Resources	456,828					
Economic Development	2,569,804					
Insurance	883,761					
Benefits	5,544,821					
Appropriation to Towns	1,531,450					
Closure Reserve	850,000					
Rural Legacy Program	50,000					
Contingency Reserve	100,000					

TOTAL GENERAL FUND APPROPRIATIONS

410,093,871

**HARFORD COUNTY, MARYLAND
FISCAL YEAR 2007 BUDGET SUMMARY**

Although there is a standardized "Annual Budget Process," the development of each year's budget is based on: current and projected economic conditions operational needs; the wants of our citizens and mandates; coupled with the strategic plans, fiscal policies and management techniques adopted by the Administration

WHERE WE STARTED

Though a number of our revenue streams have been affected over the past few fiscal years by various outside forces like a national economic slowdown, declining stock markets, low interest rates, and increased unemployment, through prudent fiscal management, Harford County has remained fiscally sound. Beginning in FY 05 there has been a reversal of those same economic trends, leaving the County with a much brighter revenue outlook for FY 07 and beyond. While developing the FY 07 operating and capital budgets however, we maintained our fiscally conservative policy and made funding decisions based on a thorough analysis assuring a sound revenue structure, utilizing the most effective and economical means of conducting business, and promoting economic development to expand the County's tax base

FISCAL 2007

GENERAL FUND

FY 06 APPROVED BUDGET	\$379,987,329	FY 07 APPROVED BUDGET	\$410,093,871	CHANGE	\$30,106,542
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The General Fund accounts for the largest portion of the total financial operations of Harford County Government. General Fund appropriations are used primarily to finance the administrative activities of County Government and to provide programs and services to our citizens. The major portion of the County's funding for the Board of Education are General Fund dollars. County support for Harford Community College, the Health Department, and the Libraries also come from the General Fund. Other funding sources are comprised of revenues earmarked for specific expenses. It is solely General Fund revenues that are used for basic operations and government services.

REVENUES The majority (84%) of our projected General Fund Revenues come from Property Taxes and Income Taxes.

<u>PROPERTY TAXES</u>	FY 07 Approved	\$185,344,343	45.2%	of the General Fund
	FY 06 Approved	\$166,625,649	43.9%	of the General Fund
	\$ growth	\$18,718,694		
	% growth	11.23%		

Maryland State law provides that all real property is subject to a property tax; properties are assessed by the State on a triennial system, and owners are notified by the Maryland Department of Assessments and Taxation of any change in their assessment. These assessments are certified to local subdivisions where they are converted into property tax bills by applying the appropriate property tax rate.

Low mortgage interest rates have led to an increased demand for residential real estate that has outpaced supply. This in turn has resulted in rising real estate values and reassessments for the past three years. Reassessments are based on sales that have occurred in the reassessment area over the past three year with emphasis placed on most recent sales data. Any increase in property value is phased in over the next three years

<u>INCOME TAXES</u>	FY 07 Approved	\$161,304,138	39.3%	of the General Fund
	FY 06 Approved	\$156,528,778	41.2%	of the General Fund
	\$ growth	\$4,775,360		
	% growth	3.05%		

In preparing our FY 07 estimates, Income Tax receipts were continuing to show growth over last year. The County is experiencing excellent job growth locally and the regional employment picture has brightened, estimated payments have grown and capital gains from real estate sales are increasing. All of these factors provide for the continuation of improving income revenue growth estimates for FY 07

<u>OTHER REVENUES</u>	FY 07 Approved	\$63,445,390	15.5%	of the General Fund
	FY 06 Approved	\$56,832,902	15.0%	of the General Fund
	\$ growth	\$6,612,488		
	% growth	11.63%		

The elements mainly responsible for the growth in "Other" revenues are

State Electrical Deregulation Grant

The Governor's FY 07 Budget includes funding a reimbursement to certain counties for the loss of revenue due to the deregulation of electric utilities in the State of Maryland

<u>FY 06 Funding</u>	<u>FY 07 Funding</u>	<u>Change</u>
\$860,767	\$860,767	\$0

General Fund Support of Solid Waste Management Services

Most solid waste management activities are mandated by Federal and State regulations, avenues for imposing fees are limited by law and the market place, resulting in the need for support with General Funds

(\$4,130,511)	(\$4,724,980)	(\$594,469)
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Recovery from Highways Transportation

Though Highways Funds are limited to certain types of expenses, the Traffic Safety Unit of the Sheriff's Office and County transportation expenses meet the qualifications. For FY 07 Highways Funds will support

\$4,125,043	\$3,885,169	(\$239,874)
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Board of Education Transportation operating expenses	\$2,000,000
Board of Education buses	\$1,120,000
Sheriff's Traffic Safety activities	\$765,169

Impact Fee

With the authorization of the Maryland General Assembly, the Harford County Council initiated an Impact Fee for School Construction. This legislation became effective July 1, 2005. The average monthly collection over the first seven months of FY 06 has been \$231,514. At this rate, the total collections for FY 06 are projected to be \$2.8 million, or 70% of the \$4 million budgeted. Based on this we are including \$2 million in anticipated revenues for FY 07.

\$4,000,000	\$2,000,000	(\$2,000,000)
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Fund Balance Appropriated

Any excess unappropriated fund balance realized at the end of a fiscal year, above the 5% Reserve Designated for Credit Rating Purposes maintained by County policy, is appropriated into the next fiscal year's budget, and treated as one-time funding for that fiscal year

\$24,157,124	\$19,899,899	(\$4,257,225)
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Recordation Tax

Although interest rates on mortgages are currently rising, the low interest rates over the last few years led to an increase in homes sales and refinances, which is providing larger than projected Recordation Tax receipts for FY 06. For FY 07, we have combined the additional Recordation Tax revenues we anticipate receiving in FY 06 with our projected FY 07 receipts and will use them to pay School Debt Service and provide Paygo funding.

\$7,939,446	\$11,788,916	\$3,849,470
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All "Other" Revenues combined

These include: Licenses and Permit sales, State Shared Revenues, Interest Income, etc

\$19,881,033	\$29,735,619	\$9,854,586
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EXPENDITURES Developing our FY 07 budgets, like most governments and businesses, we were facing further increases in the cost of providing current and retired staff with health care benefits, plus higher price tags on utilities and fuel, as well as on basic operating and contractual expenses. The impact the Department of Defense decisions on Base Realignment and Closure (BRAC) on Harford County were taken into consideration during our strategic planning. After analyzing our current and projected revenues and expenses, listening to our citizens, and considering the advice from our support committees, we developed for FY 07, Operating and Capital Budgets, which are responsive to the needs of our citizens, and fiscally sound.

FOR OUR EMPLOYEES

The Operating Budget includes:

- o a wage package, consisting of a Merit Step and a 3% COLA for all eligible staff
- o County funding to cover an anticipated 10% increase in health benefits costs, with none of the additional expense being passed on to our employees
- o an adjustment for staff who have reached longevity in their pay grades - steps at longevity level were based on various dollar increments. While staff in lower steps were receiving an average 3% merit increase each year, those in longevity were averaging far less. This adjustment will provide for an equitable annual merit increase for all eligible staff.
- o funding a percentage of health costs for County retirees - the County has been providing funds to assist our retirees in coping with the inflated costs of health care. This assistance was based on years of service and provided in set dollar amounts. For FY 07, the County is offering this assistance as a percentage of the retirees' health care package, the percent being based on years of service.

GENERAL FUND DEPARTMENTAL HIGHLIGHTS

	FY 06 FUNDING	FY 07 FUNDING	CHANGE %	\$
THE BOARD OF EDUCATION	\$175,414,800	\$189,414,800	8.0%	\$14,000,000
The \$14 million in additional County support for the Board of Education exceeds the \$969,515 State Maintenance of Effort required funding increase by \$13,030,485 or 1,344%.				
When combined with revenues anticipated from all other sources, and at the discretion of the Board of Education, County funds could be allocated to provide for:				
o WAGES & BENEFITS				\$26,147,306
Wages				\$20,825,302
A compensation study was conducted to bring teaching salaries more in line with average salaries paid in school systems in Maryland. Implementation of the study's recommendations was to be funded over two years. Initial funding was provided in FY 06, and our commitment to the second phase is funded for FY 07.				
A similar study was conducted for support staff, and funds are included to provide for this adjustment.				
Benefits				\$5,322,004
The Board anticipated increases in health premiums of 9.5% and 14.5% in dental premiums.				
o PATTERSON MILL OPERATING COSTS				\$2,303,507
The new Patterson Mill Middle School / High School is to open in September 2007. Start up costs for the school are included for FY 07 in preparation for that opening. These costs include a Principal and Secretary for a full year; an Assistant Principal and Building Engineer for one-half year; a Librarian for one month of the 2007 fiscal year; library and instruction materials; student activity materials and utility costs.				
o INTERVENTION PROGRAMS				\$1,334,625
Funding will provide intervention programs to schools in need of improvement in meeting the federal requirements of "No Child Left Behind". The general education intervention improvements include new staff for elementary schools, an Intervention Coordinator, Alternative Education Teachers, Mentors, and Mathematics Intervention Specialists.				
o NEW TEACHING POSITIONS				\$2,880,872
The remaining additional County funds could be used towards 51 new teaching positions, for Full Day Kindergarten, Special Education and class size standards.				
HARFORD COMMUNITY COLLEGE	\$13,778,743	\$14,778,743	7.3%	\$1,000,000
o for a Wage Package in parity with the County				\$931,200
o toward higher utility and fuel costs				\$68,800
LIBRARIES	\$13,105,781	\$14,361,956	9.6%	\$1,256,175
o for a Wage Package in parity with the County				\$539,568
o cover anticipated increase in health benefit costs				\$205,308
o fund a full year of operating expenses for the new Jarrettsville Library				\$219,515
o fund additional materials and collections				\$252,127
o create an additional Custodian position based on increased workload				\$33,482
o cover increase in liability and personal property insurance				\$6,175

		FY 06 FUNDING	FY 07 FUNDING	CHANGE %	\$
SHERIFF'S OFFICE		\$44,654,761	\$51,446,307	15.2%	\$6,791,546
<ul style="list-style-type: none"> o twenty Deputy Recruits and their ancillary expenses to be phased in during FY 07 o eleven Correctional Officers and their ancillary expenses to be phased in during FY 07 o nine administrative / civilian positions to be phased in during FY 07 o annualization of 20 deputy positions created in FY 06 o a wage package, consisting of a merit step and a 3% COLA for all eligible staff 	\$916,850 \$300,043 \$354,034 \$507,147 \$1,398,570				
EMERGENCY OPERATIONS		\$7,495,311	\$9,610,319	28.2%	\$2,115,008
<ul style="list-style-type: none"> o three new Public Safety Dispatchers based on workload o one Hazmat Crew Chief funded for one-half year o increased cost of the maintenance contract for the 800 MHz radio system o a wage package, consisting of a merit step and a 3% COLA for all eligible staff 	\$138,234 \$31,308 \$1,252,120 \$233,374				
VOLUNTEER FIRE COMPANIES		\$6,310,172	\$5,876,501	-6.9%	(\$433,671)
Although less funding is appropriated for the Volunteer Fire Companies in FY 07 than in FY 06, two items appropriated for in FY 06 are being budgeted in a different manner for FY 07.					
<ul style="list-style-type: none"> o the \$1 million appropriated in FY 06 to establish a Revolving Loan Fund was eliminated for FY 07. A capital project has been included for FY 07 and future fiscal years, in the amount of \$750,000 to provide funds for facility repair / renovation costs of existing stations. o funds to reimburse the companies for ambulance expenses that are not fully compensated by insurance and / or other payments, were reallocated during FY 06 and added to each company's budget, becoming the basis for FY 07 allocations. 	(\$1,000,000) (\$650,000)				
What would have been a \$1.7 million reduction to the operating budget however, nets to a \$750,000 additional capital project and only \$433,671 less in operating when the ambulance billing funds are reappropriated to each company's base budget and combined with the following increased allocations for Fiscal 2007:					
<ul style="list-style-type: none"> o boost appropriations to each fire company by 10%, and the associations support services o a 20% increase in funding for the companies fuel costs o a 10% increase to the fire / rescue and EMT training programs for high school seniors o a 10% increase in funding for the EMS foundation, as well as \$110,000 reallocated from funds previously provided for pager replacements 	\$991,606 \$70,623 \$3,600 \$150,500				
PARKS & RECREATION		\$7,146,897	\$8,779,627	22.8%	\$1,632,730
<ul style="list-style-type: none"> o staff and operating costs for the new Havre de Grace Senior / Youth Center scheduled to open during FY 07 o operating costs for the new Kid's First facility scheduled to open during FY 07 o additional staff are provided to assist with workload demands due to the numerous facilities added to Parks and Recreation over the last few years with no corresponding increase in staff o funds to replace the show mobile used throughout the County for many functions and by various groups as well as numerous other pieces of equipment 	\$142,920 \$205,180 \$233,508 \$526,375				
ELECTIONS		\$1,346,466	\$1,971,846	46.4%	\$625,380
<ul style="list-style-type: none"> o increase in the County's FY 07 share of expense for the statewide voting system o the County's required contribution towards the State's plan to implement early voting o increase funds to cover the State election employees salaries and benefits - a State wage package of a merit step and 2% COLA plus an additional Information Systems Specialist position added in FY 06 o three budget amendments provided additional appropriation for Elections - \$247,866 for an election clerk, additional temporary salaries and overtime funds; \$42,000 for required mailings as a result of early voting legislation; and \$20,928 for additional training and support of the voter registration system 	\$183,258 \$37,370 \$104,845 \$310,794				
PROCUREMENT		\$785,598	\$2,904,082	269.7%	\$2,118,484
A Property Management division is being created in Procurement to handle the acquisition of new sites, oversee all leases, and maintain a database of all pertinent information on the 400 properties the County presently owns. This will be a useful tool for making site and facility decisions as they pertain to BRAC. The division will be staffed with seven positions, five of which are being transferred from Public Works and two new positions. \$1.4 million has been reappropriated to this division to cover the majority of all County leases and rental agreements.					
COMMUNITY GRANTS & GRANT MATCHES		\$2,781,014	\$3,344,006	20.2%	\$562,992
County Executive grants to support cultural organizations, etc., and Community Services grants, contributions, and matches to numerous local organizations					